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CITY OF RIPLEY
CHRIS MARSALIS, MAYOR

BEVERLY BAYLIS
AFFIRMATIVE ACTION COORDINATOR
ROBIN VERNOR
CITY CLERK
W. PRICE ELLIOTT
CITY ATTORNEY
SONNY MEEKS
CITY JUDGE

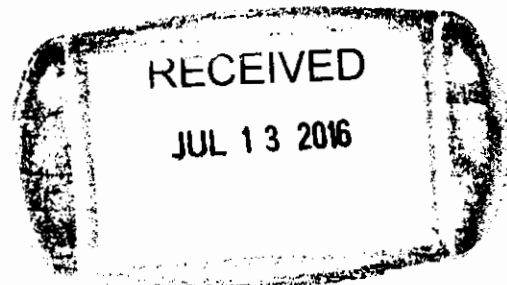
Office of the State Auditor
P.O. Box 956
Jackson, Mississippi 39205

Re: Annual Audit

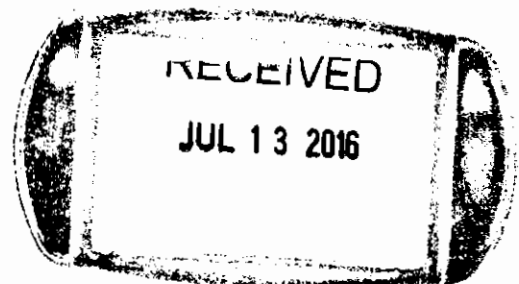
Accompanying this letter is a copy of the financial report of the City of Ripley, Mississippi, for the fiscal year ended September 30, 2015. A separate management letter was not written to the town in connection with this audit.

Sincerely,

Mayor



CITY OF RIPLEY, MISSISSIPPI
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2015



CITY OF RIPLEY, MISSISSIPPI

Comprehensive Annual Financial Report For the Year Ended September 30, 2015

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JUL 13 2016

LINDSEY, DAVIS AND ASSOCIATES

CHARLES L. DAVIS, JR.
CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

DEAN CAVINESS
CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

MEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 146
1122 CITY AVE. NORTH
RIPLEY, MS 38663

TELEPHONE 662-837-3295
FAX # 662-837-0174

STEPHANIE CLIFTON
CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

B.J. HORTON
CERTIFIED PUBLIC ACCOUNTANT

MEMBER:
MISSISSIPPI SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the City of Ripley, Mississippi as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 36 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ripley's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

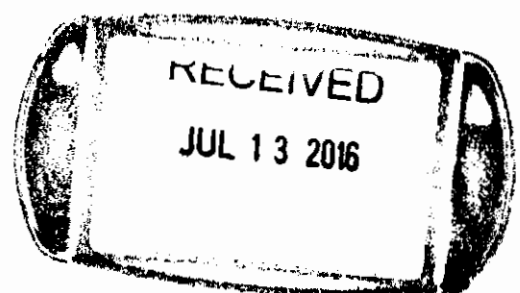
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of the City of Ripley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ripley's internal control over financial reporting and compliance.

Lindsey, Davis + Associates
Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 15, 2016



CITY OF RIPLEY, MISSISSIPPI
Management's Discussion and Analysis
For the Year Ended September 30, 2015

As management of the City of Ripley, Mississippi, we offer readers of the City's Comprehensive Annual Financial Report this narrative and analysis of the financial activities of the City for the fiscal year ended September 30, 2015.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the 2015 fiscal year by \$19,327,249. Of this amount, \$1,596,250 may be used to meet the City of Ripley's ongoing obligations to citizens and creditors.
- The City's total debt is \$4,516,685.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector enterprise.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those functions that are mainly supported through charges to the consumer (*business-type activities*). The City's gas, water, and sewer utilities are business-type activities.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

In the fund financial statements, each of the City's major funds is presented in a separate column. The distinction between governmental type activities and proprietary type activities is maintained through the presentation of separate statements for these two types of funds. The major governmental fund presented is the City's General Fund. The City's Gas Fund, Water Fund and Sewer Fund are presented as major funds in the Statement of Net Position - Proprietary Funds, the Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds, and the Statement of Cash Flows - Proprietary Funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds include Enterprise Funds and Internal Service Funds. Enterprise Funds are used for those activities which are financed, primarily, by charges to users and customers.

Notes to the basic financial statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

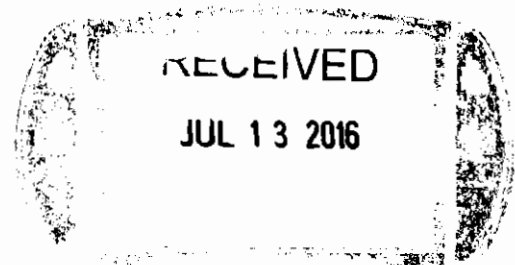
Government-wide Financial Analysis

Condensed Data - Governmental and Business-type Activities

City of Ripley, Mississippi
Net Position
September 30, 2015

	Governmental Activities	Business-type Activities	2015 Total	2014 Total
Current and Other Assets	\$ 1,463,785	\$ 4,784,502	\$ 6,248,287	\$ 7,592,346
Capital Assets, Net	8,805,797	13,145,542	21,951,339	20,638,569
Deferred Outflows of Resources	353,819	319,876	673,695	60,791
Total Assets	10,623,401	18,249,920	28,873,321	28,291,706
Current and Other Liabilities	2,427,250	2,906,122	5,333,372	4,244,310
Long-term Liabilities	2,261,209	1,951,491	4,212,700	4,516,246
Total Liabilities	4,688,459	4,857,613	9,546,072	8,760,556
Invested in Capital Assets	6,652,517	11,078,482	17,730,999	15,999,491
Unrestricted	(717,575)	2,313,825	1,596,250	3,531,659
Total Net Position	\$ 5,934,942	\$ 13,392,307	\$ 19,327,249	\$ 19,531,150

Capital assets include the depreciated cost of the City's buildings, land, infrastructure (streets, drainage, lighting and signals), vehicles, equipment and furnishings. Capital assets, net of the outstanding debt incurred to acquire them, comprises 82% of the City's total net position. The remaining, unrestricted net assets may be used by the governing authority to provide future services.



City of Ripley, Mississippi
Changes in Net Position
For the Year Ended September 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2015 Total</u>	<u>2014 Total</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 539,267	\$ 6,966,424	\$ 7,505,691	\$ 9,326,501
Operating Grants and Contr.	55,645		55,645	52,091
Capital Grants and Contr.	428,196		428,196	292,589
General Revenues:				
Property Taxes	315,699		315,699	325,345
Sales Tax	1,297,165		1,297,165	1,356,316
Tourism Tax	275,702		275,702	287,911
Franchise Taxes	212,725		212,725	191,985
Road Tax	149,851		149,851	151,071
Other Taxes	6,951		6,951	14,630
Interest	13,701	13,356	27,057	24,944
Other	75,094	60,136	135,230	219,783
Total Revenues	<u>3,369,996</u>	<u>7,039,916</u>	<u>10,409,912</u>	<u>12,243,166</u>
Expenses:				
General Government	472,086		472,086	528,326
Public Safety	1,019,469		1,019,469	994,602
Public Works	1,032,679		1,032,679	1,023,676
Parks and Recreation	507,682		507,682	738,596
Water Service		1,096,008	1,096,008	1,229,069
Sewer Service		665,855	665,855	578,385
Gas Service		5,820,034	5,820,034	6,585,904
Total Expenses	<u>3,031,916</u>	<u>7,581,897</u>	<u>10,613,813</u>	<u>11,678,558</u>
Increase in Net Position	338,080	(541,981)	(203,901)	564,608
Net Position - Beginning of Year	<u>5,596,862</u>	<u>13,934,288</u>	<u>19,531,150</u>	<u>18,966,542</u>
Net Position - End of Year	<u>\$ 5,934,942</u>	<u>\$ 13,392,307</u>	<u>\$ 19,327,249</u>	<u>\$ 19,531,150</u>

Governmental Activities

The largest funding sources for the City's governmental activities, as a percent of total revenues, are sales tax (38%), charges for services (16%), and property taxes (9%).

The largest expense categories for the City's governmental activities are public works (34%) and public safety (33%).

Table 1 presents the revenues of the City's governmental activities, and Table 2 presents the cost of each of the functions of the City's governmental activities. Table 3 presents the revenues of the City's business-type activities.

Table 1
Revenues by Source - Governmental Activities

	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
Charges for Services	\$ 539,267	16.0%	\$ 512,401	16.2%
Grants and Contributions	483,841	14.4%	125,337	3.9%
Property Taxes	315,699	9.4%	325,345	10.3%
Road Tax	149,851	4.4%	151,071	4.8%
Sales Tax	1,297,165	38.5%	1,356,316	42.9%
Tourism Tax	275,702	8.2%	287,911	9.1%
Franchise Taxes	212,725	6.3%	191,985	6.1%
Other Taxes	6,951	0.2%	14,630	0.5%
Interest	13,701	0.4%	12,092	0.4%
Other	75,094	2.2%	184,419	5.8%
	<u>\$ 3,369,996</u>	<u>100.0%</u>	<u>\$ 3,161,507</u>	<u>100.0%</u>

Table 2
Expenses by Function - Governmental Activities

	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
General Government	\$ 472,086	15.6%	\$ 528,326	16.1%
Public Safety	1,019,469	33.6%	994,602	30.3%
Public Works	1,032,679	34.1%	1,023,676	31.1%
Parks and Recreation	507,682	16.7%	738,596	22.5%
	<u>\$ 3,031,916</u>	<u>100.0%</u>	<u>\$ 3,285,200</u>	<u>100.0%</u>

Table 3
Revenues by Source - Business-type Activities

	<u>2015</u>	<u>%</u>	<u>2014</u>	<u>%</u>
Gas Charges for Services	\$ 5,815,978	82.6%	\$ 7,394,633	81.4%
Water Charges for Services	791,791	11.2%	981,330	10.9%
Sewer Charges for Services	358,655	5.1%	438,137	4.8%
Grants and Contributions		0.0%	219,343	2.4%
Interest	13,356	0.2%	12,852	0.1%
Other	60,136	0.9%	35,364	0.4%
	<u>\$ 7,039,916</u>	<u>100.0%</u>	<u>\$ 9,081,659</u>	<u>100.0%</u>

Business-type Activities

Business-type activities decreased the City's net position by \$(541,981). Charges for services are the major revenue categories for the enterprise funds. Total business-type revenues, as a percentage of total revenue, are comprised of \$5,815,978 (83%) for gas, \$791,791 (11%) for water and \$358,655 (5%) for sewer.

Capital Asset and Debt Administration

Capital assets. In accordance with GASB Statement No. 34, the City has recorded depreciation expense associated with all of its capital assets. The Statement encourages, but does not require, phase three governments to report infrastructure retroactively. Therefore, due to costs constraints, the management of the City decided not to retroactively report infrastructure. Beginning with the fiscal year ended September 30, 2004, the City has reported newly acquired or constructed general infrastructure assets in the Statement of Net Position.

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amount to \$21,951,339, net of accumulated depreciation of \$12,507,796. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. For additional information concerning capital asset activity, see Detail Note IV - E.

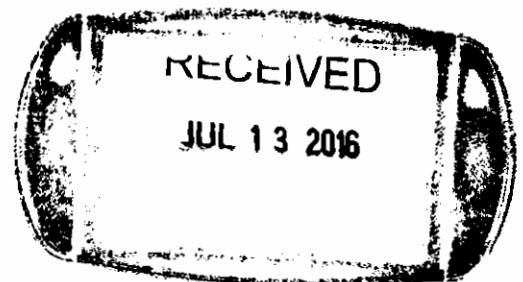
Long-term debt. At year-end, the City had \$4,516,685 in bonds and notes outstanding. For additional information concerning long-term debt, see Detail Note IV - F.

Economic Factors and Next Year's Budgets

The City considered current year operational expenses and estimated increases based on economic factors when establishing the fiscal year 2016 budget. The total budgeted appropriations for the City operations in the governmental activities is \$2,992,487.

Contact Information

This financial report is designed to provide a general overview of the City of Ripley, Mississippi's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the City of Ripley, 500 South Main Street, Ripley, MS, 38663, telephone number (662) 837-0130.



CITY OF RIPLEY, MISSISSIPPI

Statement of Net Position

September 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 394,122	\$ 2,422,669	\$ 2,816,791
Investments		372,258	372,258
Receivables:			
Accounts (Net)	76,889	553,930	630,819
Franchise Fees	1,528		1,528
Sales Tax	252,900		252,900
Taxes	44,450		44,450
Interest Receivable		776	776
Lease Receivable	296,349		296,349
Other Receivables	62,067	2,500	64,567
Internal Balances		422,746	422,746
Inventory of Supplies, at Cost		76,212	76,212
Inventory of Natural Gas, at Cost		301,993	301,993
Prepaid Expenses		23,257	23,257
Total Current Assets	<u>1,128,305</u>	<u>4,176,341</u>	<u>5,304,646</u>
<u>Restricted Assets</u>			
Cash and Cash Equivalents	<u>335,480</u>	<u>608,161</u>	<u>943,641</u>
Total Restricted Assets	<u>335,480</u>	<u>608,161</u>	<u>943,641</u>
<u>Capital Assets</u>			
Land	546,060	135,065	681,125
Buildings	1,203,851	42,238	1,246,089
Improvements other than Buildings	1,502,790		1,502,790
Utility Systems		20,115,007	20,115,007
Furniture, Vehicles and Equipment	2,536,135	1,180,682	3,716,817
Infrastructure	2,573,760		2,573,760
City Park	4,559,830		4,559,830
Construction in Progress		63,717	63,717
Accumulated Depreciation	<u>(4,116,629)</u>	<u>(8,391,167)</u>	<u>(12,507,796)</u>
Total Capital Assets	<u>8,805,797</u>	<u>13,145,542</u>	<u>21,951,339</u>
<u>Deferred Outflows of Resources</u>			
Pension Plan	<u>353,819</u>	<u>319,876</u>	<u>673,695</u>
Total Deferred Outflows of Resources	<u>353,819</u>	<u>319,876</u>	<u>673,695</u>
Total Assets	<u>10,623,401</u>	<u>18,249,920</u>	<u>28,873,321</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	125,426	264,218	389,644
Accrued Payroll	59,480	28,078	87,558
Accrued Expenses	42,380		42,380
Internal Balances	21,272	401,474	422,746
Pension Liability	1,990,272	1,874,233	3,864,505
Current Portion of Long-term Debt	188,420	115,565	303,985
<u>Current Liabilities Payable from Restricted Assets</u>			
Customer Meter Deposits		222,554	222,554
Total Current Liabilities	<u>2,427,250</u>	<u>2,906,122</u>	<u>5,333,372</u>
<u>Long-term Liabilities, Net of Current Portion</u>			
Long-term Debt	<u>2,261,209</u>	<u>1,951,491</u>	<u>4,212,700</u>
Total Long-term Liabilities	<u>2,261,209</u>	<u>1,951,491</u>	<u>4,212,700</u>
Total Liabilities	<u>4,688,459</u>	<u>4,857,613</u>	<u>9,546,072</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	6,652,517	11,078,482	17,730,999
Unrestricted	<u>(717,575)</u>	<u>2,313,825</u>	<u>1,596,250</u>
Total Net Position	<u>\$ 5,934,942</u>	<u>\$ 13,392,307</u>	<u>\$ 19,327,249</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Activities
For the Year Ended September 30, 2015

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 472,086	\$ 20,985	\$ 2,690	\$ 360,456
Public Safety	1,019,469	88,213	52,955	62,966
Public Works	1,032,679	320,056		4,774
Parks and Recreation	507,682	110,013		
Total Governmental Activities	<u>3,031,916</u>	<u>539,267</u>	<u>55,645</u>	<u>428,196</u>
Business-type Activities:				
Water	1,096,008	791,791		
Sewer	665,855	358,655		
Gas	5,820,034	5,815,978		
Total Business-type Activities	<u>7,581,897</u>	<u>6,966,424</u>		
Total Primary Government	<u>\$ 10,613,813</u>	<u>\$ 7,505,691</u>	<u>\$ 55,645</u>	<u>\$ 428,196</u>

Property Taxes
Sales Tax
Tourism Tax
Franchise Taxes
Road Tax
Other Taxes
Interest
Other
Total General Revenues

Change in Net Position

Net Position - Beginning of Year

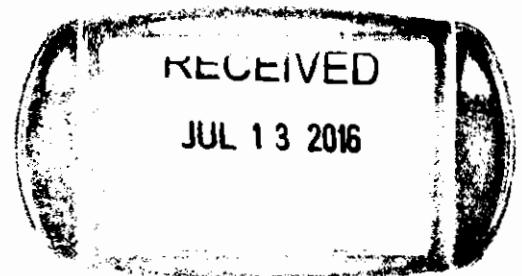
Net Position - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Revenue) Expenses and Changes in
Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (87,955)	\$	\$ (87,955)
(815,335)		(815,335)
(707,849)		(707,849)
(397,669)		(397,669)
<u>(2,008,808)</u>		<u>(2,008,808)</u>
	(304,217)	(304,217)
	(307,200)	(307,200)
	(4,056)	(4,056)
	<u>(615,473)</u>	<u>(615,473)</u>
<u>(2,008,808)</u>	<u>(615,473)</u>	<u>(2,624,281)</u>
315,699		315,699
1,297,165		1,297,165
275,702		275,702
212,725		212,725
149,851		149,851
6,951		6,951
13,701	13,356	27,057
75,094	60,136	135,230
<u>2,346,888</u>	<u>73,492</u>	<u>2,420,380</u>
338,080	(541,981)	(203,901)
<u>5,596,862</u>	<u>13,934,288</u>	<u>19,531,150</u>
<u>\$ 5,934,942</u>	<u>\$ 13,392,307</u>	<u>\$ 19,327,249</u>



CITY OF RIPLEY, MISSISSIPPI

Balance Sheet

Governmental Funds

September 30, 2015

	<u>General</u>	<u>Total Governmental Funds</u>
<u>Assets</u>		
Cash and Cash Equivalents - Unrestricted	\$ 394,122	\$ 394,122
Cash and Cash Equivalents - Restricted	335,480	335,480
Receivables (Net):		
Accounts	76,889	76,889
Franchise Fees	1,528	1,528
Sales Tax	252,900	252,900
Taxes	44,450	44,450
Other	62,067	62,067
Total Assets	<u>\$ 1,167,436</u>	<u>\$ 1,167,436</u>
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts Payable & Accrued Liabilities	\$ 227,286	\$ 227,286
Due to Other Funds	21,272	21,272
Total Liabilities	<u>248,558</u>	<u>248,558</u>
Fund Balances:		
Unassigned	918,878	918,878
Total Fund Balances	<u>918,878</u>	<u>918,878</u>
Total Liabilities and Fund Balances	<u>\$ 1,167,436</u>	

Amounts reported for governmental activities in the statement of net position are different due to:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund balance sheet. 8,805,797

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported as revenues in the government funds:
 Lease Receivable 296,349

Pension liabilities, including related deferred outflows and inflows are not payable in the current year and are, therefore, not reported in governmental funds. (1,636,453)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:
 Bonds Payable (2,155,000)
 Notes Payable (294,629)

Net position of governmental activities **\$ 5,934,942**

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2015

	<u>General</u>	<u>Total Governmental Funds</u>
Revenues:		
General Property Taxes		
Current Ad Valorem	\$ 281,430	\$ 281,430
Prior Year Ad Valorem	2,813	2,813
Penalties and Interest on		
Delinquent Taxes	2,038	2,038
In Lieu of Taxes/Franchise Tax	74,861	74,861
Intergovernmental Revenues		
State Shared Revenues:		
Homestead Exemption	31,457	31,457
Sales Tax	1,297,165	1,297,165
Tourism Tax	275,702	275,702
Fire Protection Refund	28,450	28,450
State Gasoline Tax	5,359	5,359
General Municipal Aid	2,690	2,690
Railcar Tax	194	194
Collection from County:		
Road Tax	149,851	149,851
Fire Protection Refund	20,000	20,000
Building Code Rebate	906	906
Fines and Forfeitures	88,213	88,213
Privilege Tax	17,184	17,184
Gross Receipts Tax - Cable	137,864	137,864
Building Fees, Permits and Inspections	5,199	5,199
Park Revenue	110,013	110,013
Charges for Services:		
Sanitation	320,056	320,056
Grant Revenue	431,796	431,796
Lease Revenue	21,192	21,192
Miscellaneous	73,056	73,056
Interest	13,701	13,701
Total Revenues	<u>3,391,190</u>	<u>3,391,190</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Governmental Funds
For the Year Ended September 30, 2015

	<u>General</u>	<u>Total Governmental Funds</u>
Expenditures:		
Current:		
General Government	365,517	365,517
Public Safety	919,591	919,591
Public Works	863,466	863,466
Parks and Recreation	352,955	352,955
Capital Outlay	86,167	86,167
Capital Projects	444,369	444,369
Principal Payments	187,192	187,192
Interest Expense	70,516	70,516
Total Expenditures	<u>3,289,773</u>	<u>3,289,773</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>101,417</u>	<u>101,417</u>
Net Change in Fund Balances	101,417	101,417
Fund Balances, October 1	<u>817,461</u>	
Fund Balances, September 30	<u><u>\$ 918,878</u></u>	

Amounts reported for governmental activities in the statement of activities are different due to:

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital asset purchases exceeded depreciation expense in the current period.

151,326

Capital lease transactions are recorded as revenue in the governmental funds; however, in the statement of activities, it decreases net position.

(21,192)

The excess of pension expense recognized in accordance with GASB 68 in excess of amounts requiring the use of current financial resources are not reported as expenditures in the governmental funds.

(74,663)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

181,192

Change in net position of governmental activities

\$ 338,080

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI

Statement of Net Position

Proprietary Funds

September 30, 2015

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Assets</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 102,465	\$ 5,000	\$ 2,315,204	\$ 2,422,669
Investments	11,635		360,623	372,258
Receivables:				
Accounts	211,608	86,420	255,902	553,930
Interest Receivable	174		602	776
Grant Receivable	2,500			2,500
Due from Other Funds	345,575		77,171	422,746
Prepaid Expense	13,461	6,334	3,462	23,257
Inventory of Supplies, at Cost	21,971	10,340	43,901	76,212
Inventory of Natural Gas, at Cost			301,993	301,993
Total Current Assets	709,389	108,094	3,358,858	4,176,341
Non-current Assets:				
Restricted Assets:				
Cash	123,859	71,548	101,540	296,947
Investments	102,064	13,000	196,150	311,214
Total Restricted Assets	225,923	84,548	297,690	608,161
Capital Assets:				
Land	95,896	39,169		135,065
Buildings and Improvements	14,994	6,125	21,119	42,238
Physical System	10,806,704	4,780,374	4,527,929	20,115,007
Furniture, Vehicles & Equipment	420,042	171,100	589,540	1,180,682
Construction in Progress		63,717		63,717
Accumulated Depreciation	(4,250,155)	(2,112,263)	(2,028,749)	(8,391,167)
Total Capital Assets Net of Accumulated Depreciation	7,087,481	2,948,222	3,109,839	13,145,542
Total Non-current Assets	7,313,404	3,032,770	3,407,529	13,753,703
<u>Deferred Outflows of Resources</u>				
Pension Plan	75,370	35,468	209,038	319,876
Total Assets	\$ 8,098,163	\$ 3,176,332	\$ 6,975,425	\$ 18,249,920

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Net Position - Continued
Proprietary Funds
September 30, 2015

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$ 109,725	\$ 51,636	\$ 102,857	\$ 264,218
Accrued Liabilities	8,323	3,917	15,838	28,078
Due to Other Funds	39,689	361,785		401,474
Pension Liability	435,864	205,112	1,233,257	1,874,233
Current Portion of Revenue Bond	72,111	17,054	26,400	115,565
Total Current Liabilities	<u>665,713</u>	<u>639,503</u>	<u>1,378,352</u>	<u>2,683,568</u>
Current Liabilities Payable from Restricted Assets:				
Meter Deposits	67,389		155,165	222,554
Total Current Liabilities Payable from Restricted Assets	<u>67,389</u>		<u>155,165</u>	<u>222,554</u>
Non-current Liabilities:				
Revenue Bonds (Net Current Portion)	938,178	569,463	443,850	1,951,491
Total Non-current Liabilities	<u>938,178</u>	<u>569,463</u>	<u>443,850</u>	<u>1,951,491</u>
Total Liabilities	<u>1,671,280</u>	<u>1,208,966</u>	<u>1,977,367</u>	<u>4,857,613</u>
<u>Net Position</u>				
Invested in Capital Assets, Net of Related Debt	6,077,188	2,361,705	2,639,589	11,078,482
Unrestricted	349,695	(394,339)	2,358,469	2,313,825
Total Net Position	<u>\$ 6,426,883</u>	<u>\$ 1,967,366</u>	<u>\$ 4,998,058</u>	<u>\$ 13,392,307</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Operating Revenues:				
Water Sales	\$ 762,146	\$	\$	\$ 762,146
Sewer Services		357,595		357,595
Gas Sales			5,771,940	5,771,940
Cut-On/Cut-Off Charges	1,500		1,525	3,025
Building Connection Fees	6,928	1,060	18,615	26,603
Meter Fees	21,217		23,898	45,115
Refunds and Miscellaneous	29,799		30,337	60,136
Total Operating Revenues	821,590	358,655	5,846,315	7,026,560
Operating Expenses:				
Operating Salaries	261,255	192,312	513,514	967,081
Social Security and Retirement Benefits	57,982	35,298	164,796	258,076
Gas Purchases			3,925,215	3,925,215
Gas Transportation Fees			477,481	477,481
Depreciation Expense	285,718	139,108	124,960	549,786
Materials and Supplies	87,765	55,408	128,677	271,850
Utilities Purchased	124,874	72,711	10,297	207,882
Repairs and Maintenance	64,925	37,805	32,175	134,905
Travel and Miscellaneous	41,200	23,989	127,661	192,850
Dues and Publications	7,662	4,461		12,123
Gas and Oil	17,790	11,232	29,101	58,123
Telephone and Postage	10,638	6,195	30,269	47,102
Bad Debt			63,049	63,049
Insurance	64,551	37,587	83,559	185,697
Professional Services	29,955	17,442	50,986	98,383
Sales Tax	11,151	5,248	45,337	61,736
Total Operating Expenses	1,065,466	638,796	5,807,077	7,511,339
Operating Income	(243,876)	(280,141)	39,238	(484,779)

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Revenues, Expenses and Changes in Net Position - Continued
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Nonoperating Revenues (Expenses):				
Interest Revenue	1,758	827	10,771	13,356
Interest Expense and Fiscal Charges	<u>(30,542)</u>	<u>(27,059)</u>	<u>(12,957)</u>	<u>(70,558)</u>
Total Nonoperating Revenues (Expenses)	<u>(28,784)</u>	<u>(26,232)</u>	<u>(2,186)</u>	<u>(57,202)</u>
Income Before Operating Transfers and Contributions	(272,660)	(306,373)	37,052	(541,981)
Transfers In (Out)	<u>116,783</u>	<u>54,957</u>	<u>(171,740)</u>	
Change in Net Position	(155,877)	(251,416)	(134,688)	(541,981)
Total Net Position, October 1	<u>6,582,760</u>	<u>2,218,782</u>	<u>5,132,746</u>	<u>13,934,288</u>
Total Net Position, September 30	<u>\$ 6,426,883</u>	<u>\$ 1,967,366</u>	<u>\$ 4,998,058</u>	<u>\$ 13,392,307</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 816,236	\$ 374,087	\$ 6,202,631	\$ 7,392,954
Cash Payments to Suppliers	(436,982)	(262,657)	(5,117,907)	(5,817,546)
Cash Payments to Employees	(265,569)	(188,395)	(511,208)	(965,172)
Net Cash Provided by (Used for) Operating Activities	<u>113,685</u>	<u>(76,965)</u>	<u>573,516</u>	<u>610,236</u>
Cash Flows from Noncapital Financing Activities:				
Operating Net Transfers In (Out)	(20,203)	191,944	(171,741)	
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(20,203)</u>	<u>191,944</u>	<u>(171,741)</u>	
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(932,727)	(67,286)	(711,216)	(1,711,229)
Repayment of Long-term Debt	(77,026)	(23,088)	(24,750)	(124,864)
Interest Payment of Long-term Debt	(30,542)	(27,059)	(12,957)	(70,558)
Net Cash Provided by(Used for) Capital and Related Financing Activities	<u>(1,040,295)</u>	<u>(117,433)</u>	<u>(748,923)</u>	<u>(1,906,651)</u>
Cash Flows from Investing Activities:				
Proceeds from Interest Earnings	1,792	827	10,874	13,493
Net Cash Provided by Investing Activities	<u>1,792</u>	<u>827</u>	<u>10,874</u>	<u>13,493</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(945,021)	(1,627)	(336,274)	(1,282,922)
Cash and Cash Equivalents, October 1	1,285,044	91,175	3,309,791	4,686,010
Cash and Cash Equivalents, September 30	<u>\$ 340,023</u>	<u>\$ 89,548</u>	<u>\$ 2,973,517</u>	<u>\$ 3,403,088</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Statement of Cash Flows - Continued
Proprietary Funds
For the Year Ended September 30, 2015

	Business-type Activities Enterprise Funds			
	Water	Sewer	Gas	Total
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Operating Income	\$ (243,876)	\$ (280,141)	\$ 39,238	\$ (484,779)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	285,718	139,108	124,960	549,786
Pension Expense Adjustment	27,804	13,084	101,508	142,396
(Increase) Decrease in Receivables	(5,329)	15,432	356,436	366,539
(Increase) Decrease in Prepaid Expense	489	230	91	810
(Increase) Decrease in Inventory of Supplies	628	295	(6,347)	(5,424)
(Increase) Decrease in Inventory of Natural Gas			127,733	127,733
Increase (Decrease) in Payables and Accrued Liabilities	48,276	35,027	(169,983)	(86,680)
Increase (Decrease) in Meter Deposits	(25)		(120)	(145)
Total Adjustments	357,561	203,176	534,278	1,095,015
Net Cash Provided by (Used for) Operating Activities	<u>\$ 113,685</u>	<u>\$ (76,965)</u>	<u>\$ 573,516</u>	<u>\$ 610,236</u>

The notes to the financial statements are an integral part of this statement.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements
September 30, 2015

I. Summary of Significant Accounting Policies

The City of Ripley, Mississippi (the "City") was incorporated in 1837, under the provisions of the Mississippi State Legislature. The City operates under a Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, public welfare, parks and recreation, gas, water and sewer utilities, and general administrative services.

The Comprehensive Annual Financial Report (the "Report") of the City includes all funds. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

The City is governed by an elected mayor and five-member board of aldermen. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units.

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

Based upon the application of the above criteria, there were no component units for the City.

B. Government-wide and Fund Financial Statements

The Governmental Accounting Standards Board (GASB) issued Statement No. 34-*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. GASB Statement No. 34 was developed to make annual reports easier to understand and more useful to people who use governmental financial information to make decisions. GASB Statement No. 34 includes:

Management's discussion and analysis (MD&A)-MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities in a narrative format. An analysis of the City's overall financial position and results of operations is included to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities.

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CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

I. Summary of Significant Accounting Policies - Continued

B. Government-wide and Fund Financial Statements - Continued

Government-wide financial statements-The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely extensively on fees and charges for support. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*.

Fund financial statements-Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Individually major governmental funds are reported as separate columns in the fund financial statements.

Budgetary comparison statements-These statements are presented to demonstrate whether resources were obtained and used in accordance with the City's legally adopted budgets. The City revises the original budgets over the course of the year for various reasons. Under the new reporting model, budgetary information continues to be provided, and includes comparisons of the City's final budgets and actual results.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant Revenues availability period is generally considered to be one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

Ad valorem, franchise and sales tax revenues in the General Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, contributions and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is immaterial. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's gas, water and sewer funds are charges to customers for sales and services.

The following major funds are used by the City:

1. Governmental Funds:

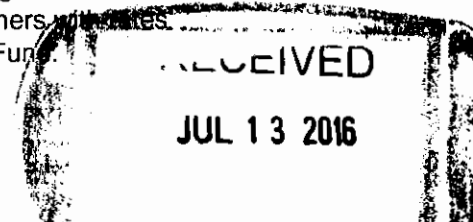
The following is a description of the Governmental Funds of the City:

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Parks and Recreation, etc.) and is the primary operating unit of the City.

2. Proprietary Funds:

The following is a description of the major Proprietary Funds of the City:

- a. The Water and Sewer Funds are for the operation of the City's water and sewer utility. Activities of the funds include administration, operation and maintenance of the water and sewer system and billing and collection activities. The Funds also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and other debt obligations when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Funds.
- b. Gas Fund accounts for the operation of the City's gas utility. Activities of the fund include administration, operation and maintenance of the gas system and billing and collection activities. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund.



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

I. Summary of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont.

3. Non-current Governmental Assets/Liabilities:

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Position.

D. Assets, Liabilities, and Net Position or Fund Balances

1. Deposits and Investments:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounts and certificates of deposit with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Mississippi, Mississippi counties, or the general obligations of Mississippi municipalities.

Investments are stated at fair value except for money market investments which include short-term, highly liquid debt instruments which are reported at cost or amortized cost.

2. Receivables and Payables:

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2015.

3. Inventories and Prepaid Items:

Inventories are valued at lower of cost or market. Inventory consists of expendable supplies held for consumption and stored natural gas purchased to hedge against price increases. The costs of Governmental Fund type inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets:

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are recorded at cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 and an estimated useful life in excess of one year.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Fund Balances - Continued

4. Capital Assets: - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized when material.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Computer Equipment and Peripherals	3
Vehicles and Equipment	5
Heavy Equipment	10
Furniture and Fixtures	7
Improvements other than Buildings	20
Buildings	40
Infrastructure:	
Roads	20
Concrete Bridges	50
Timber Bridges	30

5. Long-term Obligations:

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

6. Compensated Absences:

Vacation rights and annual leave for all employees are specified in Section 25-3-93 of the Mississippi Code of 1972, as supplemented. The City makes specific reference to this statute for identification of vacation and annual leave time; however, generally vacation leave is as follows:

<u>Employment Service</u>	<u>Vacation Time</u>
After 1 Year to 5 Years	1 Week
After 5 Years to 10 Years	2 Weeks
After 10 Years	3 Weeks

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

I. Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Position or Fund Balances - Continued

6. Compensated Absences: - Continued

The City considers vacation time to be a benefit, which must be taken or it is lost. Vacation time does not accumulate from year to year. However, should an employee leave employment with the City before vacation time is taken, he shall be paid for time not taken.

The City's employees accumulate one day of sick leave per month for each month of continuous employment with the City. Employees may carry over a maximum of sixty (60) days of sick leave. All unused major medical leave shall be counted as creditable service for the purpose of the retirement system.

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

E. Net Position and Fund Balances

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net position. Net position displays three components - invested in capital assets, net of related debt; restricted; and unrestricted. Unrestricted net position represents the net position available for future operations.

Governmental fund balances are classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Board of Aldermen through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City Board. Assigned fund balances is a limitation imposed by a designee of the City Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Proprietary fund net position are classified the same as in the government-wide statements.

When restricted and unrestricted resources are available, restricted resources will only be used when the imposed restrictions have been met. Therefore, spending will primarily occur from unrestricted resources.

II. Details of the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

II. Details of the Reconciliation..... Continued

One element of that reconciliation explains that "the acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown as capital assets in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which depreciation expense and disposal of capital assets exceeded capital asset purchases in the current period." The details of this \$151,326 are as follows:

Capital Outlay	\$ 543,944
Depreciation Expense	<u>(392,618)</u>
	<u>\$ 151,326</u>

III. Stewardship, Compliance and Accountability

In accordance with the Code of Mississippi, the City annually adopts a budget on the cash basis following the required public notice and hearing for all funds and appropriates the amount deemed necessary for each of the different City activities. The budget may be amended during the year utilizing similar statutorily prescribed procedures and time limitations. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year-end.

IV. Detailed Notes on Government-wide and Fund Financial Statements

A. Deposits and Investments

Deposits - Cash on hand and in banks at September 30, 2015 was \$4,132,690. The entire bank balances were covered by a collateral pool administered by the State Treasurer which is governed by Section 27-105-5 Miss. Code Ann. (1972).

Investments - The City is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Mississippi or its agencies; (3) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Mississippi or the United States; (4) obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent; (5) certificates of deposits issued by state and national banks domiciled in Mississippi that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor; or secured by obligations that have a market value of not less than the principal amount of the certificates; and (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by subdivision (1) of this subsection, pledged with third parties selected or approved by the City, and placed through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in the State of Mississippi. The market value of investments, all of which are Certificates of Deposit, is not materially different from the carrying value.

B. Property Taxes

The City levies a tax on real and personal property based on the assessed value of property as compiled by the Tippah County Tax Assessor. Taxes on real and personal property are levied by

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

B. Property Taxes - Continued

the City Board of Aldermen at the first regular meeting in September. Through an inter-local agreement, all of the property taxes of the City are collected by the Tippah County Tax Collector and remitted as tax settlements (less an appropriate collection fee) to the City on a monthly basis.

In accordance with the Mississippi Code of 1972, as amended, the City Board of Aldermen may levy taxes in any amount for general revenue purposes and general improvements. However, taxes collected for any one year may not exceed one hundred and ten percent (110%) of the taxes collected for the prior assessment year. For purposes of the computation, taxes collected in the current year resulting from property added to the tax assessment roll are excluded from the computation. In addition, the City Board of Alderman may levy additional taxes for specific purposes, such as culture and recreation, as authorized by law.

The tax levies for the calendar years 2014, 2013 and 2012 (taxes collected in the fiscal years ending 9/30/15, 9/30/14 and 9/30/13) are as follows:

	<u>9/30/15</u> <u>Millage</u>	<u>9/30/14</u> <u>Millage</u>	<u>9/30/13</u> <u>Millage</u>
City Funds			
General Fund	7.50	7.50	7.50
Public Safety	0.25	0.25	0.25
Parks and Recreation	2.00	2.00	2.00
Total Levy	<u>9.75</u>	<u>9.75</u>	<u>9.75</u>

C. Receivables

Receivables at September 30, 2015 for the government's individual major funds consist of the following:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Total</u>
Receivables:					
Trade Accounts (Net)	\$ 76,889	\$ 211,608	\$ 86,420	\$ 255,902	\$ 630,819
Franchise Fees	1,528				1,528
Sales Tax	252,900				252,900
Taxes	44,450				44,450
Interest Receivable		174		602	776
Grant Receivable		2,500			2,500
Lease Receivable	296,349				296,349
Other Receivables	62,067				62,067
Total Receivables	<u>\$ 734,183</u>	<u>\$ 214,282</u>	<u>\$ 86,420</u>	<u>\$ 256,504</u>	<u>\$ 1,291,389</u>

D. Restricted Assets

A summary of restricted assets follows:

Restricted Cash

	<u>Amount</u>	<u>Restriction</u>
General Fund	\$ 143,582	GO Bond Fund

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

D. Restricted Assets - Continued

Restricted Cash - Continued

	<u>Amount</u>	<u>Restriction</u>
General Fund	112,578	GO Bonds Building Fund
General Fund	29,768	Drug Enforcement Fund
General Fund	46,498	Bond Fee Account
General Fund	1,593	Mainstreet Maintenance
General Fund	1,461	CDBG Account
Gas Fund	35,634	AMR Construction Fund
Gas Fund	319	AMR GO Bond Fund
Gas Fund	65,587	Refund of Customer Deposits
Water Fund	72,347	AMR Construction Fund
Water Fund	647	AMR GO Bond Fund
Water Fund	37,946	Refund of Customer Deposits
Water Fund	11,381	Requirement of Bonded Debt Retirements - Interest
Water Fund	1,538	Maintenance of Water Tank
Sewer Fund	35,794	Requirement of Bonded Debt Retirements - Cushion
Sewer Fund	17,859	Requirement of Bonded Debt Retirements - Contingency
Sewer Fund	17,895	Requirement of Bonded Debt Retirements - Depreciation
Total Restricted Cash	<u>632,427</u>	

Restricted Investments

Water Fund	8,905	Requirement of Bonded Debt Retirements - Contingency
Water Fund	8,905	Requirement of Bonded Debt Retirements - Depreciation
Water Fund	17,811	Requirement of Bonded Debt Retirements - Cushion
Water Fund	10,800	Requirement of Bonded Debt Retirements - Murry Spur
Water Fund	55,643	Refund of Customer Deposits
Sewer Fund	2,500	Requirement of Bonded Debt Retirements - Contingency
Sewer Fund	2,500	Requirement of Bonded Debt Retirements - Depreciation
Sewer Fund	8,000	Requirement of Bonded Debt Retirements - Cushion

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

D. Restricted Assets - Continued

Restricted Investments - Continued

Gas Fund	10,000	Requirement of Bonded Debt
		Retirements - Depreciation
Gas Fund	10,000	Requirement of Bonded Debt
		Retirements - Contingency
Gas Fund	50,000	Requirement of Bonded Debt
		Retirements - Cushion
Gas Fund	126,150	Refund of Customer Deposits
Total Restricted Investments	<u>311,214</u>	
Total Restricted Assets	<u>\$ 943,641</u>	

E. Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 546,060	\$	\$	\$ 546,060
Construction in Progress				
Total Capital Assets, not being Depreciated	<u>546,060</u>			<u>546,060</u>
Capital Assets, being Depreciated:				
Buildings	1,200,076	3,775		1,203,851
Improvements other than Buildings	1,502,790			1,502,790
Furniture, Vehicles and Equipment	2,288,927	95,801		2,384,728
Infrastructure	2,280,798	292,962		2,573,760
City Park	4,559,830	151,406		4,711,236
Total Capital Assets being Depreciated	<u>11,832,421</u>	<u>543,944</u>		<u>12,376,365</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Governmental Activities:				
Less Accumulated Depreciation				
For:				
Buildings	580,879	24,175		605,054
Improvements other than Buildings	680,832	57,393		738,225
Furniture, Vehicles and Equipment	1,719,271	84,603		1,803,874
Infrastructure	584,175	111,615		695,790
City Park	158,855	114,832		273,687
Total Accumulated Depreciation	3,724,012	392,618		4,116,630

Total Capital Assets, being Depreciated, Net	8,108,409	151,326		8,259,735
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Governmental Activities Capital Assets, Net	\$ 8,654,469	\$ 151,326	\$	\$ 8,805,795
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	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water				
Capital Assets, not being Depreciated:				
Land	\$ 95,896	\$	\$	\$ 95,896
Total Capital Assets, not being Depreciated	95,896			95,896

Capital Assets, being Depreciated:				
Buildings	14,994			14,994
Physical System	9,800,938	1,005,766		10,806,704
Furniture, Vehicles and Equipment	417,833	2,209		420,042
Total Capital Assets being Depreciated	10,233,765	1,007,975		11,241,740

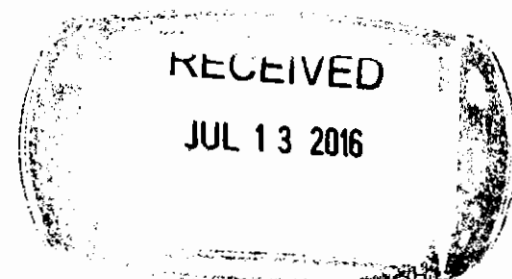
CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Water				
Less Accumulated Depreciation				
For:				
Buildings	10,155	412		10,567
Physical System	3,611,484	269,201		3,880,685
Furniture, Vehicles and Equipment	342,798	16,105		358,903
Total Accumulated Depreciation	3,964,437	285,718		4,250,155
Total Capital Assets, being Depreciated, Net	6,269,328	722,257		6,991,585
Water Activities Capital Assets, Net	\$ 6,365,224	\$ 722,257	\$	\$ 7,087,481

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer				
Capital Assets, not being Depreciated:				
Land	\$ 39,169	\$	\$	\$ 39,169
Construction in Progress		63,717		63,717
Total Capital Assets, not being Depreciated	39,169	63,717		102,886
Capital Assets, being Depreciated:				
Buildings	6,125			6,125
Physical System	4,776,705	3,669		4,780,374
Furniture, Vehicles and Equipment	171,100			171,100
Total Capital Assets being Depreciated	4,953,930	3,669		4,957,599



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Balance at Beginning of Year	Additions	Retirements	Balance at End of Year
Sewer				
Less Accumulated Depreciation				
For:				
Buildings	4,148	168		4,316
Physical System	1,824,056	132,130		1,956,186
Furniture, Vehicles and Equipment	144,951	6,810		151,761
Total Accumulated Depreciation	1,973,155	139,108		2,112,263
Total Capital Assets, being Depreciated, Net	2,980,775	(135,439)		2,845,336
Sewer Activities Capital Assets, Net	\$ 3,019,944	\$ (71,722)	\$	\$ 2,948,222

	Beginning of Year	Additions	Retirements	End of Year
Gas Activities:				
Capital Assets, being Depreciated:				
Buildings	\$ 21,119	\$	\$	\$ 21,119
Physical System	3,779,773	748,156		4,527,929
Furniture, Vehicles and Equipment	567,952	21,588		589,540
Total Capital Assets being Depreciated	4,368,844	769,744		5,138,588

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

E. Capital Assets - Continued

	Beginning of Year	Additions	Retirements	End of Year
Gas Activities:				
Less Accumulated Depreciation				
For:				
Buildings	14,298	580		14,878
Physical System	1,436,294	100,115		1,536,409
Furniture, Vehicles and Equipment	453,197	24,265		477,462
Total Accumulated Depreciation	1,903,789	124,960		2,028,749
 Total Capital Assets, being Depreciated, Net	 2,465,055	 644,784		 3,109,839
 Gas Activities Capital Assets, Net	 \$ 2,465,055	 \$ 644,784	 \$	 \$ 3,109,839

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 34,683
Public Safety	77,227
Public Works	141,905
Parks and Recreation	138,803
Total Depreciation Expense - Governmental Activities	<u>\$ 392,618</u>
 Business-type Activities:	
Water	\$ 285,718
Sewer	139,108
Gas	124,960
Total Depreciation Expense - Business-type Activities	<u>\$ 549,786</u>

The City uses the straight-line depreciation method for property, plant and equipment based on the following estimated useful lives by major class of depreciable fixed assets:

<u>Class</u>	<u>Years</u>
Buildings	40
Improvements other than Buildings	20
Furniture, Vehicles and Equipment	3 - 10
Utility Systems	20 - 40
Infrastructure	20 - 50

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

F. Long-term Debt

Debt of the Governmental Funds

The general obligation (GO) bond and note payable of the Governmental Funds are payable from operations of the General Fund. Debt balance and transactions for the year ended September 30, 2015, are as follows:

	Balance, October 1, 2014	Additions	Retirements and Other	Balance September 30, 2015	Due Within One Year
Notes Payable	\$ 315,821	\$	\$ (21,192)	\$ 294,629	\$ 23,420
GO Bond	2,315,000		(160,000)	2,155,000	165,000
	<u>\$ 2,630,821</u>	<u>\$</u>	<u>\$ (181,192)</u>	<u>\$ 2,449,629</u>	<u>\$ 188,420</u>

The principal and interest requirements of the general obligation bond and note payable at September 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 188,420	\$ 64,635	\$ 253,055
2017	194,313	60,200	254,513
2018	200,053	55,633	255,686
2019	205,814	50,929	256,743
2020	216,600	45,866	262,466
2021-2025	1,190,639	139,893	1,330,532
2026-2030	253,790	13,836	267,626
	<u>\$ 2,449,629</u>	<u>\$ 430,992</u>	<u>\$ 2,880,621</u>

Debt of the Enterprise Funds

The revenue bonds of the Enterprise Funds are payable from operations of the Water Fund. Debt balance and transactions for the year ended September 30, 2015 are as follows:

	Balance, October 1, 2014	Additions	Retirements and Other	Balance September 30, 2015	Due Within One Year
Revenue Bond	\$ 13,026	\$	\$ (13,026)	\$	\$
Revenue Bond	416		(416)		
Revenue Bond	39,195		(7,600)	31,595	8,057
Revenue Bond	33,846		(9,902)	23,944	10,454
GO Bond	1,005,000		(50,250)	954,750	53,600
	<u>\$ 1,091,483</u>	<u>\$</u>	<u>\$ (81,194)</u>	<u>\$ 1,010,289</u>	<u>\$ 72,111</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

IV. Detailed Notes on Government-wide and Fund Financial Statements - Continued

F. Long-term Debt - Continued

Debt of the Enterprise Funds - Continued

The revenue bonds of the Enterprise Funds are payable from operations of the Sewer Fund. Debt balance and transactions for the year ended September 30, 2015 are as follows:

	Balance, October 1, 2014	Additions	Retirements and Other	Balance September 30, 2015	Due Within One Year
Revenue Bond	\$ 151,137	\$	\$ (6,340)	\$ 144,797	\$ 6,795
Revenue Bond	210,468		(6,325)	204,143	5,223
Revenue Bond	243,833		(6,256)	237,577	5,036
	<u>\$ 605,438</u>	<u>\$</u>	<u>\$ (18,921)</u>	<u>\$ 586,517</u>	<u>\$ 17,054</u>

The revenue bonds of the Enterprise Funds are payable from operations of the Gas Fund. Debt balance and transactions for the year ended September 30, 2015 are as follows:

	Balance, October 1, 2014	Additions	Retirements and Other	Balance September 30, 2015	Due Within One Year
GO Bond	\$ 495,000	\$	\$ (24,750)	\$ 470,250	\$ 26,400

The principal and interest requirements of the above revenue bonds and notes payable at September 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 115,565	\$ 68,079	\$ 183,644
2017	121,318	64,494	185,812
2018	114,264	60,684	174,948
2019	117,103	57,290	174,393
2020	112,178	54,132	166,310
2021-2025	637,824	218,284	856,108
2026-2030	649,518	107,599	757,117
2031-2035	124,974	34,175	159,149
2036-2040	74,312	7,480	81,792
	<u>\$ 2,067,056</u>	<u>\$ 672,217</u>	<u>\$ 2,739,273</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

V. Other Information

A. Pension Plan

General Information about the Pension Plan

Plan Description

The City contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601)359-3589 or 1-800-444-PERS.

Benefits Provided

Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring.

For the cost-sharing plan participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receive benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City is required to contribute at an actuarially determined rate. As of July 2013 the current rate is 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City's contributions to PERS for 2015 were \$243,521 which was equal to the required contributions. The City's contributions to PERS for 2014 and 2013 were \$242,407 and \$220,314, respectively.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

V. Other Information - Continued

A. Pension Plan - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

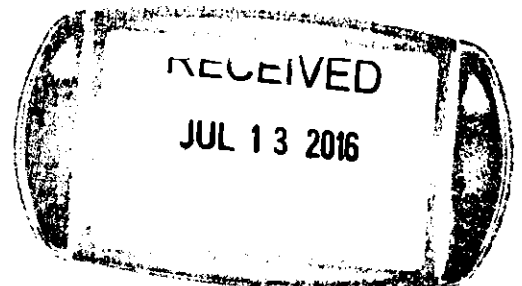
At September 30, 2015, the City reported a liability of \$3,864,506 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's actual contribution to the total actual contributions of all participating employers to PERS as of and for the PERS fiscal year ended June 30, 2015. At June 30, 2015, the City's proportion was .025 percent.

For the year ended September 30, 2015, the City recognized pension expense of \$460,582. At September 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59,473	\$
Changes in assumptions	332,914	
Net difference between projected and actual earnings on pension plan investments	226,115	
Changes in proportion and differences between System contributions and proportionate share of contributions	(5,754)	
District contributions subsequent to the measurement date	<u>60,947</u>	
Total	<u>\$ 673,695</u>	<u>\$</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pensions expense as follows:

Years ended June 30,	
2016	200,789
2017	200,789
2018	200,789
2019	160,396
2020	56,528
Thereafter	
	<u>\$ 819,291</u>



CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

V. Other Information - Continued

A. Pension Plan - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.75% - 19.00% average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Health Annuitant Blue Collar Table projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used at June 30, 2015 were based on the results of actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
U.S. Broad	34.00 %	5.20 %
International equity	19.00	5.00
Emerging markets equity	8.00	5.45
Fixed income	20.00	0.25
Real assets	10.00	4.00
Private equity	8.00	6.15
Cash	1.00	(0.50)
	<u>100.00 %</u>	<u>25.55 %</u>

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

V. Other Information - Continued

A. Pension Plan - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at the current employer contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the System's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
System's proportionate share of the net pension liability	\$ 5,093,774	\$ 3,864,507	\$ 2,844,445

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report which can be obtained at www.pers.ms.gov.

Payables to the Pension Plan

Amounts included in accounts payable and accrued expenses related to PERS contributions payable at September 30, 2015 are not material to the financial statements.

B. Cumulative Effect Adjustment

During the year ended September 30, 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date were implemented, GASB No. 68 requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. Cost-sharing employers are required to recognize the liability for its proportionate share of the net pension liability of all employers for benefits provided through the pension plan. GASB No. 71 amended GASB No. 68, to require a government to recognize a beginning deferred outflow of resources only for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability but before the start of the government's fiscal year.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

V. Other Information - Continued

B. Cumulative Effect Adjustment - Continued

Transition guidance in GASB 68 requires that accounting changes adopted to conform to the provisions of that Statement should be applied retroactively by restating financial statements, if practical, for all periods presented. If restatement is not practical, the cumulative effect of applying this Statement should be reported as a restatement of beginning net position for the earliest period presented. Based on the foregoing, the cumulative effect adjustment reflected in the financial statements for the year ended September 30, 2015, is comprised of the following components:

Beginning of year proportionate share of net pension liability	\$ 3,034,542
Beginning of year pension contributions made after beginning of year measurement date	(60,791)
	<u>\$ 2,973,751</u>

C. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2015 is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$	\$ 21,272
Water	345,575	39,689
Sewer		361,785
Gas	77,171	
	<u>\$ 422,746</u>	<u>\$ 422,746</u>

D. Commitments and Contingencies

Grant Audits

The City receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would be insignificant.

Litigation

As of September 30, 2015, there was no pending litigation in which the City was involved.

E. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk management activities are accounted for in the General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported (IBNR). There have been no significant changes in insurance coverage, or settlements exceeding insurance coverage, during the past three years.

CITY OF RIPLEY, MISSISSIPPI
Notes to Basic Financial Statements - Continued
September 30, 2015

VI. Net Position/Fund Balances

Net position reported on the government-wide statement of net position at September 30, 2015, include the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Invested in capital assets, net of related Debt		
Capital assets, net of accumulated depreciation	\$ 8,805,797	\$ 13,145,540
Less: Related long-term debt outstanding	<u>(2,153,280)</u>	<u>(2,067,058)</u>
Total Invested in Capital Assets, Net of Related Debt	<u>6,652,517</u>	<u>11,078,482</u>
 Unrestricted	 <u>(717,575)</u>	 <u>2,313,825</u>
Total Net Position	<u><u>\$ 5,934,942</u></u>	<u><u>\$ 13,392,307</u></u>

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund
For the Year Ended September 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
General Property Taxes			
Current Ad Valorem	\$ 314,500	\$ 299,786	\$ (14,714)
In Lieu of Taxes/Franchise Tax	82,000	68,089	(13,911)
Intergovernmental Revenues			
State Shared Revenues:			
Sales Tax	1,280,000	1,298,397	18,397
Tourism Tax	269,150	276,792	7,642
Fire Protection Refund	28,494	28,450	(44)
State Gasoline Tax	9,750	5,359	(4,391)
General Municipal Aid	2,700	2,690	(10)
Railcar Tax	260	194	(66)
Collection from County:			
Road Tax	151,500	153,332	1,832
Fire Protection Refund	20,000	20,000	
Building Code Rebate	910	906	(4)
Fines and Forfeitures	109,900	88,217	(21,683)
Privilege Tax	23,200	17,184	(6,016)
Gross Receipts Tax - Cable	112,075	78,307	(33,768)
Building Fees, Permits and Inspections	7,550	5,199	(2,351)
Park Revenue	79,000	110,013	31,013
Charges for Services:			
Sanitation	312,500	297,813	(14,687)
Grant Revenue	95,654	194,829	99,175
Miscellaneous	5,300	44,079	38,779
Interest	20,200	1,162	(19,038)
Total Revenues	<u>\$ 2,924,643</u>	<u>\$ 2,990,798</u>	<u>\$ 66,155</u>

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Required Supplementary Information
Statement of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual - Budget Basis - General Fund - Continued
For the Year Ended September 30, 2015

	Budget	Actual	Variance Favorable (Unfavorable)
Expenditures:			
Current:			
General Government	\$ 989,375	\$ 872,856	\$ 116,519
Public Safety	986,292	970,776	15,516
Public Works	998,277	994,417	3,860
Parks and Recreation	636,911	629,747	7,164
Total Expenditures	<u>3,610,855</u>	<u>3,467,796</u>	<u>143,059</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(686,212)</u>	<u>(476,998)</u>	<u>209,214</u>
Other Financing Sources (Uses):			
Transfer In	<u>686,212</u>	<u>482,594</u>	<u>(203,618)</u>
Total Other Financing Sources	<u>686,212</u>	<u>482,594</u>	<u>(203,618)</u>
Net Change in Fund Balances	<u>\$</u>	<u>5,596</u>	<u>\$ 5,596</u>
Fund Balances, October 1		<u>901,787</u>	
Fund Balances, September 30		<u><u>\$ 907,383</u></u>	

See accompanying notes to required supplementary information.

CITY OF RIPLEY, MISSISSIPPI
Notes to Required Supplementary Information
September 30, 2015

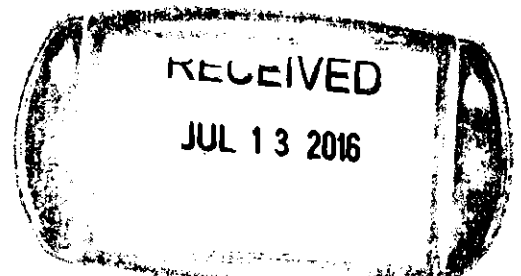
Budgetary Data

The City Board of Aldermen formally adopts an annual operating budget for the General Fund at the "category level." State statutes prohibit the governing authority from expending amounts in excess of the adopted or amended budget. The City Board of Aldermen may amend the budget during the fiscal year, by resolution, to reallocate resources.

The budgets for the General Fund are adopted in accordance with provisions of the State Auditor's Office and not on a basis consistent with accounting principles generally accepted in the United States of America. For budgetary purposes, certain revenues from property taxes, interest on investments, and certain other sources are recognized when received in cash and unexpended appropriations lapse thirty days after the end of the fiscal year. Expenditures may not legally exceed budgeted appropriations and any existing fund balance at the various fund or fund type levels. Budget amounts are as originally adopted, or as amended by the City Board of Aldermen. Budget amendments are made throughout the year as reallocations of funds are necessary or as circumstances dictate.

Since accounting principles applied for purposes of developing data on the budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of timing differences in the budgetary and GAAP fund balances for the year ended September 30, 2015, is as follows:

Fund Balance - Budgetary Basis	\$ 907,383
Adjustment:	
Change in Revenue Accruals	<u>(1,624,958)</u>
Fund Balance - GAAP Basis	<u>\$ (717,575)</u>



LINDSEY, DAVIS AND ASSOCIATES

CHARLES L. DAVIS, JR.
CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

DEAN CAVINESS
CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

MEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 146
1122 CITY AVE. NORTH
RIPLEY, MS 38663

TELEPHONE 662-837-3295
FAX # 662-837-0174

STEPHANIE CLIFTON
CERTIFIED PUBLIC ACCOUNTANT
STOCKHOLDER

B.J. HORTON
CERTIFIED PUBLIC ACCOUNTANT

MEMBER:
MISSISSIPPI SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS

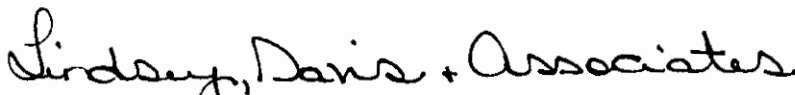
To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited the financial statements of the governmental activities and the business activities of the City of Ripley, Mississippi as of and for the year ended September 30, 2015, which collectively comprise the City of Ripley, Mississippi's basic financial statements and have issued our report thereon dated June 15, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the financial statements disclosed no material instances on noncompliance with state laws and regulations.

This report is intended for the information of the City's management and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 15, 2016

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Reconciliation of Original Ad-Valorem
Tax Rolls to Fund Collections
Year Ended September 30, 2015

	<u>Assessed Value</u>	<u>Millage</u>	<u>Tax</u>
<u>Assessed Valuation and Millage</u>			
Realty	21,533,935	9.75 Mills	\$ 209,955
Personal	5,410,635	9.75 Mills	52,754
Auto	5,133,408	9.75 Mills	50,051
	<u>32,077,978</u>		<u>312,760</u>
Less: Homestead Exemption Allowed			(31,933)
Total			<u>280,827</u>
<u>Collection Adjustments</u>			
Add: Actual Homestead Reimbursement			31,457
Mobile Home Tax			613
Other Privilege Tax			1,398
Prior Year Taxes			2,803
Penalties & Interest on Delinquent Taxes			1,747
Less: County Tax Collector's Collections			<u>(14,338)</u>
<u>Total to be Accounted For</u>			<u>\$ 304,507</u>
	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Total</u>
Collection Credits Allocated to Funds:			
General Fund	\$ 273,431	\$ 31,457	\$ 304,888
Balance Represented by: Unpaid Property Taxes			<u>(381)</u>
<u>Total Accounted For</u>			<u>\$ 304,507</u>

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

Ad valorem tax assessments were found to be within the limitations of Sections 27-39-320 through 27-39-323, Miss. Code Ann. (1972), as follows:

Actual Collections:		Actual Collections:	
Base Year 2013	\$ 318,230	Taxes collected 2014	\$ 273,431
10% Increase	31,823	Homestead Exemption Reimb.	31,457
Exemption		Under (Over) Limitation	45,165
Total	<u>\$ 350,053</u>	Total	<u>\$ 350,053</u>

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Investments - All Funds
September 30, 2015

The following is a schedule of investments at September 30, 2015:

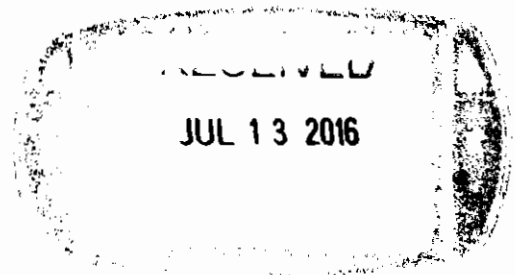
Certificates of Deposit

<u>Fund Account Name</u>	<u>Balance 9/30/15</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Water Meter Fund Account	\$ 10,000	03/02/16	0.30%
Gas Meter Account	25,650	03/02/16	0.30%
Water & Sewer Meter	15,643	01/07/16	0.30%
Gas Meter Account	10,000	01/02/16	0.30%
Gas Depreciation Account	8,000	07/19/16	0.40%
Gas Contingent Account	8,000	07/19/16	0.40%
Gas Cushion Account	37,000	07/19/16	0.40%
Water & Sewer Contingent Account	4,500	07/19/16	0.40%
Water & Sewer Depreciation Account	4,500	07/19/16	0.40%
Water & Sewer Cushion Account	9,000	07/19/16	0.40%
Gas Meter Account	10,000	07/19/16	0.40%
Water Meter Fund Account	10,000	07/19/16	0.40%
Gas Meter Account	10,000	12/12/15	0.40%
Water & Sewer Cushion Account	3,000	05/29/16	0.30%
Water & Sewer Depreciation Account	1,500	05/29/16	0.30%
Water & Sewer Contingent Account	1,500	05/29/16	0.30%
Gas Operations	120,410	01/21/16	0.30%
Gas Operations	123,984	02/16/16	0.50%
Gas Meter	40,000	02/16/16	0.50%
Water Meter Fund Account	20,000	02/16/16	0.50%
Water & Sewer Cushion	8,000	02/16/16	0.50%
Water & Sewer Depreciation	2,500	02/16/16	0.50%
Water & Sewer Contingent	2,500	02/16/16	0.50%
Gas Operations	116,229	03/11/16	0.25%
Gas Contingent Account	2,000	01/03/16	0.25%
Gas Cushion Account	13,000	01/03/16	0.25%
Gas Depreciation Account	2,000	01/03/16	0.25%
Murry Spur Water System	10,800	08/23/16	0.40%
Water & Sewer Depreciation Account	2,905	11/14/16	0.50%
Water & Sewer Contingent Account	2,905	11/14/16	0.50%
Water & Sewer Cushion Account	5,811	11/14/16	0.50%
Gas Meter	30,500	02/12/16	0.30%
Antioch Reserve	11,635	08/25/16	0.40%
Total	<u>\$ 683,472</u>		

CITY OF RIPLEY, MISSISSIPPI
Supplementary Information
Schedule of Surety Bonds for Municipal Officials
and Other Municipal Employees
September 30, 2015

Elected and appointed officials of the City of Ripley are covered under various surety bonds, as described below:

	<u>Bonded Amount</u>	<u>Policy Expiration Date</u>
Mayor		
Chris Marsalis	\$ 50,000	6-30-2017
Aldermen		
Joey Bryant	50,000	7-01-2016
Homer Richardson	50,000	7-01-2016
Jon Grisham	50,000	7-01-2016
Stephen Freeman	50,000	7-01-2016
Jackie McKenzie	50,000	7-01-2016
City Clerk and Tax Collector		
Robin Vernor	50,000	1-29-2017
Police Chief		
Scott White	50,000	7-07-2016



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Mayor and Board of Aldermen
City of Ripley, Mississippi
Ripley, MS 38663

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of the City of Ripley, Mississippi, as of and for the year ended September 30, 2015, which collectively comprise the City of Ripley's basic financial statements and have issued our report thereon dated June 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Ripley's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ripley's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Ripley's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ripley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lindsey Davis + Associates
Lindsey, Davis and Associates
Certified Public Accountants

Ripley, Mississippi
June 15, 2016

